

QUARTERLY REPORT

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Quarter Ended December 31, 2001

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents	\$ 11,715	\$
2	Short-term investments	-	
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2001, \$ 936 ; 2000, \$ ____). NOTE 2	2,469	
4	Inventories	2,304	
5	Prepaid expenses and other current assets	978	
6	Total current assets	17,466	
7	Investments, Advances, and Receivables	5,329	
8	Property and Equipment - Gross	72,933	
9	Less: Accumulated Depreciation/Amortization	(1,416)	
10	Property and Equipment - Net	71,517	
11	Other Assets	17,603	
12	Total Assets	\$ 111,915	\$
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable	\$ 3,469	\$
14	Notes payable	-	
	Current portion of long-term debt		
15	Due to affiliates	-	
16	Other	-	
17	Income taxes payable and accrued	-	
18	Other accrued expenses	12,312	
19	Other current liabilities	12,053	
20	Total current liabilities	27,834	
	Long-Term Debt:		
21	Due to affiliates	50,000	
22	Other	-	
23	Deferred Credits	-	
24	Other Liabilities	446	
25	Commitments And Contingencies	-	
26	Total Liabilities	78,280	
27	Stockholders', Partners', Or Proprietor's Equity	33,635	
28	Total Liabilities And Equity	\$ 111,915	\$

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000*

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	2001 (C)	2000 (D)
	REVENUE:		
1	Casino	\$ 89,959	\$
2	Rooms	7,875	
3	Food and Beverage	10,564	
4	Other	1,253	
5	Total Revenue	109,651	
6	Less: Promotional allowances	13,659	
7	Net Revenue	95,992	
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	62,702	
9	Selling, General, and Administrative	25,260	
10	Provision for Doubtful Accounts	404	
11	Total costs and expenses	88,366	
12	Gross Operating Profit	7,626	
13	Depreciation and amortization NOTE 1.....	1,676	
	Charges from affiliates other than interest:		
14	Management fees NOTE 9.....	2,875	
15	Other	—	
16	Income (Loss) from Operations	3,075	
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8.....	(2,479)	
18	Interest (expense) - external	(7)	
19	Investment alternative tax and related income (expense) - net	(541)	
20	Non-operating income (expense) - net NOTE 10.....	181	
21	Total other income (expenses)	(2,846)	
22	Income (Loss) Before Income Taxes and Extraordinary Items	229	
23	Provision (credit) for income taxes	94	
24	Income (Loss) Before Extraordinary Items	135	
25	Extraordinary items (net of income taxes)	—	
26	Net Income (Loss)	\$ 135	\$

* Statement of Income is for the seven months ended December 31, 2001. Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2001 (c)	2000 (d)
	REVENUE:		
1	Casino	\$ 34,168	\$
2	Rooms	2,868	
3	Food and Beverage	4,259	
4	Other	582	
5	Total Revenue	41,877	
6	Less: Promotional allowances	5,319	
7	Net Revenue	36,558	
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	24,793	
9	Selling, General, and Administrative	10,330	
10	Provision for Doubtful Accounts	248	
11	Total costs and expenses	35,371	
12	Gross Operating Profit	1,187	
13	Depreciation and amortization NOTE 1....	810	
	Charges from affiliates other than interest:		
14	Management fees NOTE 9.....	1,136	
15	Other	—	
16	Income (Loss) from Operations	(759)	
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 7.....	(1,063)	
18	Interest (expense) - external	(3)	
19	Investment alternative tax and related income (expense) - net	(230)	
20	Non-operating income (expense) - net NOTE 10....	(22)	
21	Total other income (expenses)	(1,318)	
22	Income (Loss) Before Income Taxes and Extraordinary Items	(2,077)	
23	Provision (credit) for income taxes	(848)	
24	Income (Loss) Before Extraordinary Items	(1,229)	
25	Extraordinary items (net of income taxes)	—	
26	Net Income (Loss)	\$ (1,229)	\$

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999	0	\$ 0			\$ 0		\$ 0	\$ 0
2	Net Income - 2000								0
3	Contribution to Paid - In Capital	100	0						
4	Dividends								0
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2000	100	0			0		0	0
11	Net Income - 2001							135	135
12	Contribution to Paid - In Capital					33,500			33,500
13	Dividends								
14	Prior Period Adjustments								
15	Distribution to PPE								
16									
17									
18									
19	Balance, December 31, 2001	100	\$ 0			\$ 33,500		\$ 135	\$ 33,635

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999.				
2	Net Income (Loss) - 2000.				
3	Capital Contributions.				
4	Capital Withdrawals.				
5	Partnership Distributions.				
6	Prior Period Adjustments.				
7					
8					-
9					
10	Balance, December 31, 2000.				
11	Net Income (Loss) - 2001.				
12	Capital Contributions.				
13	Capital Withdrawals.				
14	Partnership Distributions.				
15	Prior Period Adjustments.				
16					
17					
18					
19	Balance, December 31, 2001.				

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2001 (c)	2000 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 2,237	\$
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	—	
3	Proceeds from the sale of short-term investment securities	—	
4	Purchase outflows for property and equipment	(4,880)	
5	Proceeds from disposition of property and equipment	—	
6	Purchase of casino reinvestment obligations	(1,135)	
7	Purchase of other investments and loans/advances made	—	
8	Proceeds from disposal of investments and collection of advances and long-term receivables	10	
9	Cash outflows to acquire business entities	6,239	
10	—	
11	Net book values of disposals	—	
12	Net Cash Provided (Used) By Investing Activities	234	
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	—	
14	Payments to settle short-term debt	—	
15	Cash proceeds from issuance of long-term debt	—	
16	Costs of issuing debt	—	
17	Payments to settle long-term debt	—	
18	Cash proceeds from issuing stock or capital contributions	—	
19	Purchases of treasury stock	—	
20	Payments of dividends or capital withdrawals	—	
21	Change in payable to/receivable from affiliate	9,244	
22	—	
23	Net Cash Provided (Used) By Financing Activities	9,244	
24	Net Increase (Decrease) In Cash And Cash Equivalents	11,715	
25	Cash And Cash Equivalents At Beginning Of Period	—	
26	Cash And Cash Equivalents At End Of Period	\$ 11,715	\$

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 2,485	\$
28	Income taxes	\$ 94	\$

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND 2000

(UNAUDITED)
(\$ IN THOUSANDS)

LIN (a)	Description (b)	2001 (c)	2000 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 135	\$
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	1,416	
31	Amortization of other assets	260	
32	Amortization of Debt Discount or Premium	—	
33	Deferred Income taxes - current	—	
34	Deferred income taxes - noncurrent	—	
35	(Gain) loss on disposition of property and equipment	—	
36	(Gain) loss on casino reinvestment obligations	541	
37	(Gain) loss from other investment activities	—	
38	Net (increase) decrease in receivables and patrons' checks	1,353	
39	Net (increase) decrease in inventories	266	
40	Net (increase) decrease in other current assets	29	
41	Net (increase) decrease in other assets	(530)	
42	Net increase (decrease) in accounts payables	173	
43	Net increase (decrease) in other current liabilities excluding debt	(1,385)	
44	Net increase in other noncurrent liabilities excluding debt	(21)	
45	Loss on extinguishment of debt, net of income tax benefit	—	
46	Amortization of CRDA assets	—	
47	Net Cash Provided (Used) By Operating Activities	\$ 2,237	\$

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ 4,880	\$
49	Less: Capital lease obligations incurred	—	
50	Cash Outflows For Property And Equipment	\$ 4,880	\$
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ 68,053	\$
52	Goodwill acquired	17,302	
53	Net assets acquired other than cash, goodwill, and property and equipment	(8,094)	
54	Long-term debt assumed	(50,000)	
55	Issuance of stock or capital invested	(33,500)	
56	Cash Outflows To Acquire Business Entities	\$ (6,239)	\$
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ —	\$
58	Less: Issuances to settle long-term debt	—	
59	Consideration in acquisition of business entities	—	
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ —	\$

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	25,373	\$ 1,753		\$
2	Food	174,308	2,132		
3	Beverage	217,273	1,311		
4	Travel			23	9
5	Bus Program Cash			120,576	1,507
6	Other Cash Complimentaries			114,126	2,272
7	Entertainment	3,984	123		
8	Retail & Non-Cash Gifts			20,112	327
9	Parking			30,693	46
10	Other *			43,538	397
11	Total	420,938	\$ 5,319	329,068	\$ 4,558

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001**

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	58,213	\$ 4,917		\$
2	Food	447,440	5,296		
3	Beverage	551,034	3,251		
4	Travel			703	156
5	Bus Program Cash			350,632	4,270
6	Other Cash Complimentaries			328,853	6,102
7	Entertainment	5,647	195		
8	Retail & Non-Cash Gifts			40,239	682
9	Parking			76,021	114
10	Other *			119,112	971
11	Total	1,062,334	\$ 13,659	915,560	\$ 12,295

* No item in this category exceeds 5%.

** Note: Schedule of Promotional Expenses and Allowances is for the seven months beginning June 1, 2001.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Bally's Skyscraper Inc. ("BSI" or the "Company"), a New Jersey Corporation, was formed to purchase the assets and assume certain liabilities (collectively, the "Net Assets") of The Claridge at Park Place, Incorporated ("CPPI") and Atlantic City Boardwalk Associates, LP ("ACBA"). BSI is a wholly-owned subsidiary of Bally's Park Place, Incorporated ("Bally's Atlantic City"), which is a wholly-owned subsidiary of Park Place Entertainment Corporation ("PPE"). BSI was formally granted a gaming license by the New Jersey Casino Control Commission (the "Commission") on May 30, 2001. Since June 1, 2001, the effective date of the Net Asset purchase, the Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Claridge Casino Hotel."

The purchase price paid by BSI for the Net Assets was \$65 million, which was funded through a note issued by Park Place Finance Corporation ("PPFC") for \$50 million, and an equity contribution from Bally's Atlantic City. The acquisition was accounted for using the purchase method of accounting. The purchase price has been preliminarily allocated based on estimated fair values at the date of acquisition pending final determination of certain acquired balances. The final allocation of the purchase price will be completed within one year from the date of acquisition. The excess of the purchase price over the Net Assets has been recorded by BSI as goodwill, and has been amortized on the straight-line method over 40 years.

The accompanying financial statements, which include the accounts of BSI, reflect the results of operations from June 1, 2001. BSI operates in one industry segment, and all significant revenues arise from its casino and supporting hotel operations. All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at December 31, 2001, and its statement of income for the three and seven months ended December 31, 2001, and its statement of cash flows for the seven months ended December 31, 2001. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$695 for the three months ended December 31, 2001 and \$1,416 for the seven months ended December 31, 2001.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

On June 1, 2001, BSI acquired the Net Assets of CPPI and ACBA, in a transaction which was accounted for using the purchase method of accounting. The excess of the total acquisition cost over the Net Assets has been recorded as goodwill, which is being amortized using the straight-line method over forty years (see also "New Accounting Standards" below).

Long-lived assets

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at December 31, 2001.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases a parking lot from Caesars Atlantic City, which is used for employee parking.

New Accounting Standards

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company is required to adopt SFAS 142 effective January 2002. The Company has not determined the effect, if any, the adoption of SFAS 142 will have on its financial position and results of operations. During the seven months ended December 31, 2001, the Company recorded \$260 in goodwill amortization, which under the new standards will cease effective January 2002. The Company is evaluating goodwill for separable intangibles with finite lives that will continue to be amortized under SFAS 142.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31, 2001 consist of the following:

Casino receivables (net of allowance for doubtful accounts of \$929)	\$ 620
Receivable from Sands Hotel and Casino (net of discount of \$51)	949
Receivable from multi-casino slot trusts	138
Other (net of allowance for doubtful accounts of \$7)	<u>762</u>
	<u>\$ 2,469</u>

The receivable from Sands Hotel and Casino ("Sands"), which was acquired from ACBA as part of the Net Assets on June 1, 2001, resulted from the sale of the Claridge's administration building to the Sands in April 2000. A portion of the proceeds of that sale is being realized through the offset of rent payable to the Sands for the "People Mover" (a moving walkway which connects the Claridge Casino Hotel and the Sands to the Boardwalk).

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31 consist of the following:

Casino Reinvestment Development Authority	
Investment obligations (less valuation reserves of \$4,026 in 2001)	\$ 4,966
Long-term deposits	<u>363</u>
	<u>\$ 5,329</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2001</u>
Land	\$ 13,415
Buildings and improvements	51,519
Furniture, fixtures and equipment	7,665
Construction in progress	<u>334</u>
	72,933
Less accumulated depreciation and amortization	<u>(1,416)</u>
	<u>\$ 71,517</u>

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2001</u>
Cost in excess of acquired assets, less accumulated amortization of \$260	\$ 17,581
Other	<u>22</u>
	<u>\$ 17,603</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2001</u>
Accrued payroll and benefits	\$ 9,106
Insurance claims	1,142
Other	<u>2,064</u>
	<u>\$12,312</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2001</u>
Due to PPE	\$ 9,244
Due to Bally's Atlantic City	478
Unredeemed slot promotions liability	653
Unredeemed chip and token liability	1,499
Other	<u>179</u>
	<u>\$12,053</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of December 31 consist of the following:

	<u>2001</u>
8.5% Note payable to Park Place Finance Corporation due May 31, 2011	<u>\$50,000</u>

NOTE 9 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration of the performance of these duties, the Company pays PPE a monthly management fee equal to three percent of revenues (net of complimentary services).

NOTE 10 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Vice President/Chief Financial Officer
Title

Sworn to and Subscribed
before me this 29th day
of March, 2002

#7438-11
License Number



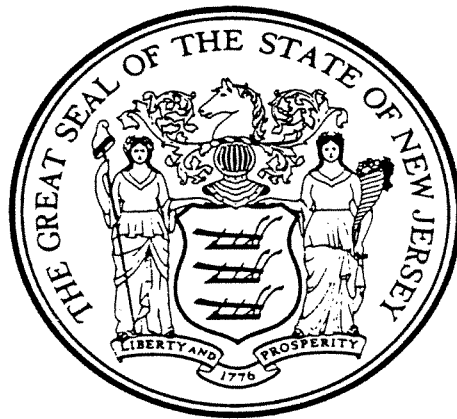
MARY K. CHAMBERLIN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 31, 2002

On Behalf Of:
Bally's Skyscraper, Inc.
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001*

(\$ in thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	3			
2	Gaming	635			
3	Slots	347			
4	Casino accounting	49			
5	Simulcasting	0			
6	Other	0			
7	Total-casino	1,034	\$ 13,045	\$	\$ 13,045
8	ROOMS	162	2,398		2,398
9	FOOD AND BEVERAGE	453	5,580		5,580
	OTHER OPERATED DEPARTMENTS				
10	Health Club / Pool Services	11	82		82
11	Telephone room	12	144		144
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	3	211	812	1,023
21	Accounting and auditing	47	362		362
22	Security	172	2,615		2,615
23	Other administrative and general department	65	2,317		2,317
24	MARKETING	105	1,612		1,612
25	GUEST ENTERTAINMENT	19	377		377
26	PROPERTY OPERATION AND MAINTENANCE	199	3,601		3,601
27	TOTALS - ALL DEPARTMENTS	2,282	\$ 32,344	\$ 812	\$ 33,156

* Annual Employment and Payroll Report is for the seven months ended December 31, 2001. Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2001

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.


Signature

March 29, 2001
Date

Vice President /Chief Financial Officer
Title

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



TRADING NAME OF LICENSEE Bally's Skyscraper, Inc. (Claridge Casino Hotel)

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ in Thousands)

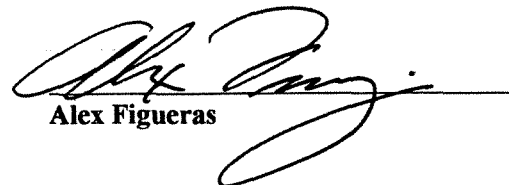
Line

CASINO WIN:		
1.	Table and Other Games Win.....	\$ 39,475
2.	Slot Machines Win.....	120,574
3.	Total Win.....	160,049
Less - Adjustment for Uncollectible Patrons' Checks:		
4.	Provision for Uncollectible Patrons' Checks	\$ 509
5.	Maximum Adjustment (4% of line 3)	\$ 6,402
6.	Adjustment (the lesser of line 4 or line 5)	509
7.	Gross Revenue (line 3 less line 6).....	\$ 159,540
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$ 12,763
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	0
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	12,763
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	(12,763)
Settlement of Prior Years' Tax on Gross Revenue		
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits	0
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

3/14/02

Date



Alex Figueras

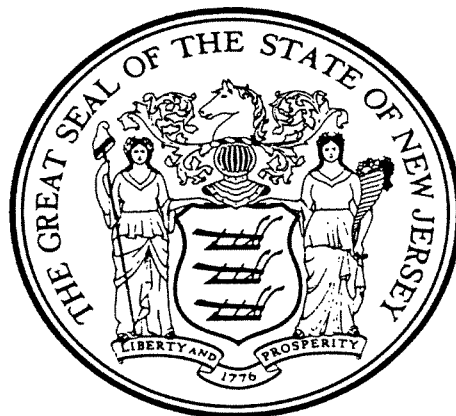
Vice President/CFO

Title of Officer

SCHEDULE OF RECEIVABLES AND PATRON'S CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 607		
2	Returned patrons' checks	943		
3	Total patrons' checks	1,550	\$ (929)	\$ 621
4	Hotel Receivables	366	(7)	359
	Other Receivables:			
5	Receivables due from officers and employees	—		
6	Receivables due from affiliates			
7	Other accounts and notes receivables	1,489		
8	Total other receivables	1,489	—	1,489
9	Totals (Form CCC 205)	\$ 3,405	\$ (936)	\$ 2,469

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 0
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	17,167
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(12,422)
13	Checks collected through deposits	(3,911)
14	Checks transferred to returned checks	(891)
15	Other adjustments	664
16	Ending Balance	\$ 607
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 404
19	Provision As A Percent Of Counter Checks Issued	2.35%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 29, 2002

Date


Signature

Vice President/Chief Financial Officer

Title of Officer